



SNYDERVILLE BASIN

WATER RECLAMATION DISTRICT

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1266107 - R8 SDMS

July 13, 2012

Mr. Brad Mackey
Ivory Development, LLC
978 Woodoak Lane
Salt Lake City UT 84117

RE: Park City Heights – Offsite Sewer
Park City Heights – Phase 1

Dear Mr. Mackey;

We are in receipt of a memo dated July 12, 2012 from IHI Environmental explaining the status of your efforts to address the metals-impacted soils on the site and the intent of Ivory to follow the requirements of EPA, DEQ and Park City Municipal Corporation in developing the project. You previously submitted a Utility Installation Work Plan dated June 7, 2012 prepared by IHI Environmental for the referenced project. We have also had discussions with Bill Rees, Manager of the VCP/Brownfields Program at DEQ regarding your project. Mr. Rees has provided a copy of a memo with review comments to the work plan prepared by Tetra Tech dated July 10, 2012. Mr. Rees has stated that he anticipates receiving a revised work plan from IHI addressing the review comments today and getting to final approval of the plan next week. Please provide a copy of the revised plan when available.

You have previously inquired if work on Phase 1 of your project could proceed as the work plan for the off-site work is completed. Based on the EPA/DEQ review comments and the presence of metals-impacted soils that may require management per the work plan within the Phase 1 area, the work plan will need to receive DEQ and EPA approval prior to start of construction of any sewer improvements.

We have questions regarding the work plan and the review memo specific to the construction of the on-site and off-site sewer lines as follows. You may already be addressing these items with the updated work plan.

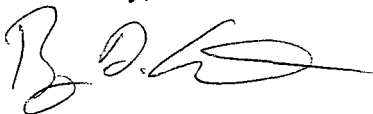
- 1) Under the heading Trench Excavation Procedure, items 1 thru 7 of the review memo state that there are different analysis frequency requirements for areas within OU3 as opposed to areas outside the OU3 boundary for both the excavated material and the native trench bottom material prior to backfilling. According to the EPA/DEQ definition, does the area outside the OU3 area include the remaining off-site utilities located outside the OU3 areas and the entire Park City Heights project area? If not, how will the areas that require analysis for metals-impacted soils (specifically in our case the sewer line trenches) be determined?

- 2) Item 4 states that for trench excavations, excavation and characterization of material will proceed until native soils are encountered and soil in-situ XRF analyses meet Cleanup levels. Section 2.1 of the work plan indicates that cleanup levels for lead and arsenic are 500 mg/kg and 100 mg/kg respectively. Page 4 of the review memo states that clean fill to be used in wetland areas will not contain lead above 310 mg/kg. At what level will the trench bottom material for both the off-site wetland areas and the off-site and on-site non-wetland areas be considered clean? What are the expected concentrations of lead and arsenic in the native, sub-tailings material? What are the expected concentrations of lead and arsenic in clean import material?
- 3) Item 9 states that utility placement and backfilling with clean soils can occur only upon acceptance of the testing and sampling by the regulatory agencies. Does this require that the entire length of the sewer line trench be left open until this testing, sampling and approval occurs? Given the potential depth of the excavation and the proximity to the existing roadway, from a constructability standpoint is this achievable?
- 4) Pertaining to on-site construction, you have previously indicated that your first construction activity will be mass excavation. Will the entire on-site project be cleared of metals-impacted soils prior to the mass excavation and utility line construction, and if so, will this eliminate the need to perform the utility trench specific analysis for those on-site utility lines?

We have previously stated that indemnification of SBWRD by Ivory from future liabilities for any contaminated soils related issues will be required. This still remains a requirement. We have requested our attorney to draft a proposed indemnification agreement. Please provide contact information for your attorney handling this issue so we can forward the proposed agreement.

Please let me know if you have any questions.

Sincerely,



Bryan D. Atwood, P.E.
District Engineer

Cc: Spencer White, Element Design
Amy Findley, IHI Environmental
Dave Gustafson, PCMC Project Manager
Kathyrn Hernandez, EPA
Bill Rees, Utah DEQ
Jeremy Cook, PKH Attorneys
Michael Luers, SBWRD General Manager
Project File